

Message Text

CONFIDENTIAL

PAGE 01 HAVANA 00215 272050Z

ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-07 FEA-01
PA-01 PRS-01 /119 W

-----052568 272054Z /70

R 271930Z SEP 77

FM USINT HAVANA

TO SECSTATE WASHDC 196

INFO AMEMBASSY CARACAS

AMEMBASSY MADRID

AMEMBASSY MOSCOW

C O N F I D E N T I A L HAVANA 0215

EO 11652: GDS

TAGS: ENRG UR SP VE CU

SUBJ: CUBAN PETROLEUM/METALS TRADE

1. USINT OFFICER (GLASSMAN), SEPTEMBER 20, CALLED ON DIONISIO ARRANZ, PRESIDENT OF CHUBAMETALES, EXCLUSIVE CUBAN EXPORTER/IMPORTER OF PETROLEUM AND ITS DERIVATIVES, AS WELL AS FERROUS AND NON-FERROUS METALS.

2. ARRANZ SAID THAT CURRENT C.I.F. SOVIET PRICE FOR PETROLEUM (WITHIN FRAMEWORK OF 1980-TERMINATING CLEARING AGREEMENT) WAS RUNNING AT 40 TO 50 PERCENT BELOW THAT OF THE OPEC PRICE, DEPENDING ON GRADE. HE SAID, DESPITE US ANALYSES, SOVIETS HAD NOT INDICATED ANY INABILITY TO SUPPLY CUBANS WITH PETROLEUM AND THAT SOVIET TANKERS CONTINUED TO ARRIVE "LIKE CLOCKWORK" IN HAVANA.

3. REFERRING TO PROPOSED CUBAN, SOVIET, SPANISH, VENEZUELAN QUADRILATERAL OIL ARRANGEMENT (WHEREBY VENEZUELA WOULD SUPPLY CUBA WITH OIL IN EXCHANGE FOR SOVIET SUPPLY OF

CONFIDENTIAL

PAGE 02 HAVANA 00215 272050Z

VENEZUELAN CLIENTS IN SPAIN), ARRANZ SAID THAT PROPOSED AGREEMENT HAD NOTHING TO DO WITH SHORTAGE OF SOVIET OIL, BUT RATHER WITH SOVIET DESIRE TO UTILIZE TANKER FLEET MORE EFFICIENTLY. (COMMENT: SOVIETS NOW PAY FOR AND PROVIDE OIL TRANSPORT FOR CUBANS. SPANISH COMMERCIAL COUNSELOR RECARTE TOLD USINT RECENTLY THAT QUADRILATERAL DEAL HAS NOT YET BEEN IMPLEMENTED BECAUSE OF VENEZUELAN QUALMS.

VENEZUELAN AMBASSADOR HERE, HOWEVER, BLAMED CUBANS AND SOVIETS FOR DELAY. SPAIN ACCORDING TO RECARTE, IS VERY ANXIOUS FOR AGREEMENT TO ENTER INTO FORCE SINCE SPANISH TANKERS WILL RECEIVE RIGHT TO TRANSPORT ALL OIL FROM USSR TO SPAIN AND ONE-HALF OF OIL FROM VENEZUELA TO CUBA). ARRANZ SAID THAT VENEZUELAN OIL DISCUSSED WOULD PRESENT NO TECHNICAL PROBLEMS FOR CUBAN REFINERIES.

4. ARRANZ SAID THAT ROMANIA AND USSR ARE CONDUCTING ON-AND OFFSHORE GEOLOGICAL SURVEY OF CUBA TO ASCERTAIN OIL POSSIBILITIES. HE SAID CUBA IS INTERESTED IN US OFFSHORE DRILLING AND PRODUCTION TECHNOLOGY.

5. ARRANZ SAID THAT CURRENTLY CUBAN OIL REFINERIES ARE OPERATING BELOW THEIR CAPACITY. CUBANS, WHO ARE NOT IMPORTERS OF NAPHTHA FOR FERTILIZER, ARE BEGINNING TO PRODUCE NAPHTHA DOMESTICALLY AT REFINERIES FOR EXPORT (SOME 30 MILLION PESO VOLUME ENVISAGED IN 1978). ARRANZ SAID THAT CUBA REFINED MOST OF ITS OWN GASOLINE, WITH EXCEPTION OF GRADES SUCH AS AVIATION FUEL.

6. ONLY PETROLEUM DERIVATIVES IMPORTED NOW FROM CAPITALIST COUNTRIES (EXCLUDING PETROCHEMICAL COMPOUNDS), ARRANZ SAID, ARE SOME 30 TO 40 THOUSAND TONS ANNUALLY OF LUBRICANTS, GREASES AND DIVERSE OILS.

7. TURNING BRIEFLY TO METALS, ARRANZ STATED THAT CUBA
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 HAVANA 00215 272050Z

CONTINUED TO BE MAJOR IMPORTER OF PIG IRON, TIN, AND SPECIALTY STEELS. HE ADDED THAT CUBA WAS BEGINNING TO EXPORT NON-FERROUS SCRAP TO EUROPE AND LATIN AMERICA .
LANE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, TRADE, METALS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HAVANA00215
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770352-0256
Format: TEL
From: HAVANA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770919/aaaaapfv.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cde01b3c-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1122241
Secure: OPEN
Status: NATIVE
Subject: CUBAN PETROLEUM/METALS TRADE
TAGS: ENRG, ETRD, UR, SP, VE, CU
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/cde01b3c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009